

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** Bryce E. Reeves

3. **Committee** House Finance

4. **Title** Personal Property Tax Exemption; Motor
Vehicle of a Disabled Veteran

2. **Bill Number** SB 1130

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that one motor vehicle, defined as an automobile or a pickup truck, of a veteran who has a 100 percent service-connected, permanent, and total disability would be exempt from local taxes. A motor vehicle owned by a married person could qualify if either spouse is a veteran who is rated as 100 percent disabled. The exemption would be applicable beginning on the date the motor vehicle is acquired or January 1, 2021, whichever is later, but not for any period of time prior to January 1, 2021. The exemption would expire on the date of the disabled veteran's death and would not be available for the surviving spouse.

Under current law, one motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of Veterans Services, is declared a separate class of property for local taxation separate from other classifications of tangible personal property. It is not statutorily exempt from personal property tax.

This is the enabling legislation for a constitutional amendment ratified by Virginia voters at the November 2020 general election.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill could result in unknown administrative costs to localities due to the new exemption. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown negative revenue impact on localities due to the new exemption. It would have no impact on state revenues.

9. **Specific agency or political subdivisions affected:** All localities

10. Technical amendment necessary: No

11. Other comments:

Current Law

Under current law, one motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of Veterans Services, is declared a separate class of property and constitutes a classification for local taxation separate from other classifications of tangible personal property. It is not statutorily exempt from personal property tax.

In order to qualify, the veteran must provide a written statement to the commissioner of revenue or other assessing officer from the Department of Veterans Services that the veteran has been so designated or classified by the Department of Veterans Services as to meet the requirements for the exemption, and that his disability is service-connected.

Proposal

This bill would provide that one motor vehicle, defined as an automobile or a pickup truck, of a veteran who has a 100 percent service-connected, permanent, and total disability would be exempt from local taxes. A motor vehicle owned by a married person could qualify if either spouse is a veteran who is rated as 100 percent disabled.

The motor vehicle would be required to be owned and used primarily by or for a veteran of the Armed Forces of the United States or the Virginia National Guard who has been rated by the U.S. Department of Veterans Affairs or its successor agency pursuant to federal law with a 100 percent service-connected, permanent, and total disability. A motor vehicle owned by a married person could qualify if either spouse is a veteran who is rated as 100 percent disabled. Any locality would be authorized to establish procedures for a veteran to apply for the exemption and could enact any ordinance necessary for administration of the exemption.

The exemption would be applicable beginning on the date the motor vehicle is acquired or January 1, 2021, whichever is later, but not for any period of time prior to January 1, 2021. The exemption would expire on the date of the disabled veteran's death and would not be available for the surviving spouse.

Similar Legislation

House Bill 1774 would expand the class of tangible personal property for rate purposes that encompasses motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more used by a motor carrier engaged in interstate commerce on a for-hire basis to include such vehicles used to transport passengers.

cc : Secretary of Finance

Date: 2/3/2021 SK
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